

PROVINCIAL JUDGES PENSION PLAN

**Twentieth Report
of the
Provincial Judges Pension Board
for the period
April 1, 2007 - March 31, 2008**

Provincial Judges Pension Board

The Provincial Judges Pension Board (the "Board") was established in 1992 by Ontario Regulation 67/92 as amended (the "Regulation") under the *Courts of Justice Act*. The Board is the successor to the Provincial Judges Benefit Board established in 1984 by Ontario Regulation 332/84 under the *Provincial Courts Act*.

Members of the Board are appointed by the Lieutenant Governor in Council.

For the period April 1, 2007 through March 31, 2008, the Board's members were:

W. Keith Gray, Chair
Executive Vice President (retired)
Toronto Dominion Bank

Russell E. McKay, FCA
Partner (retired)
Deloitte & Touche

Dayle Hawkins
Director, HR
DBRS Limited

Ignas Nastajus, Secretary, Appeals at the Ontario Pension Board ("OPB"), acted as secretary to the Board.

The Board administered the Provincial Judges Pension Plan (the "Plan") and approved pension payments and refunds in accordance with the Regulation.

The Board met 4 times during the period April 1, 2007 through March 31, 2008. In the same period, Board members met twice with OPB staff to discuss internal controls and internal audit controls.

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Cost of Administration

Administrative support cost for the operation of the Board was subsumed in the estimates of the Human Resources Division, Ministry of Government and Consumer Services.

The Chair and Board members are all private sector appointees and received per diem fees of \$200 for the Chair and \$150 for the members. Fees totalled \$2,400 for attendance at Board meetings. The Board incurred no other direct costs.

Plan Activity

		@ March 31, 2007	Increase	Decrease	@ March 31, 2008
Members (participants)	Active	286	9	7	288
	LTIP	0	0	0	0
Total Membership		286	9	7	288
Pensioners¹	Normal	158	10*	6	162
	Survivors	52	4	4	52
Total Pensioners		210	14	10	214
Deferred Pensioners²		5	0	1	4

1. Pensions and escalation adjustments calculated under Provincial Judges Pension Plan rules.

2. Pensions for former Provincial Judges Pension Plan members to be paid at a future date.

*The "Pensioners Normal" figure was increased by 1 because one deferred pensioner that had been put into pay before April 2007, was not counted in the year ended March 31, 2007.

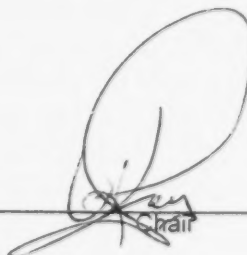
Provincial Judges Pension Fund

Statement of Changes in Fund Balance for the Year Ended March 31, 2008

	2008 (\$ 000's)	2007 (\$ 000's)
Deposits		
Contributions		
Participants	4,122	3,977
Province of Ontario (Note 4)	23,558	22,652
Interest Earned	35,362	33,527
Total Deposits	63,042	60,156
Payments		
Pension Payments and Survivor Allowances (Note 4)	22,581	21,675
Refund of Contributions	zero	zero
Total Payments	22,581	21,675
Net Increase In the Fund	40,461	38,481
Balance with The Minister of Finance (Note 4)		
- Beginning of the year	467,465	428,984
- End of the year	507,926	467,465

See the accompanying notes to the financial statement

Approved on behalf of the Board: _____



Chair

**Notes to Financial Statements
for the year ended March 31, 2008**

1. DESCRIPTION OF THE FUND

The Provincial Judges Pension Fund (the Fund), is administered by the Provincial Judges Pension Board as designated by *Ontario Regulation 67/92*, as amended, under the Courts of Justice Act. The following brief description of the Fund is provided for general purposes only. For more complete information, reference should be made to the Regulation.

(a) General

The purpose of the Fund is to provide pension payments to retired Provincial Judges and Masters who are members of the Plan or survivor allowances to the dependents of these Judges and Masters.

(b) Funding Policy

Participants are required to contribute 7% of their salary to the earlier occurrence of meeting their basic service requirement or attaining age 70 years.

The contribution required from the Province is determined by an actuarial valuation as described in note 4.

(c) Pension Payments

A pension payment is available based on the age and the number of years of full-time service for which the participant has credit upon ceasing to hold office and is based on the salary of a full-time judge of the highest judicial rank held by the participant while in office. The participant is entitled to these payments during his/her lifetime.

(d) Disability Pension Payments

A full pension is available at age 65 for participants with a minimum of five years of full-time service who are unable to serve in office due to injury or chronic illness.

(e) Survivor Allowances

A survivor allowance equal to 60% of the pension payment is paid to the spouse during the spouse's lifetime or to children who meet the age, custody, education or disability criteria defined in section 22 of the Regulation.

DESCRIPTION OF THE FUND (CONTINUED)

(f) Death Refunds

A death refund is payable to the personal representative of a participant where there is no further entitlement to a survivor allowance. The amount of the refund is equal to the participant's contributions in the Fund plus interest, less entitlements already paid out.

(g) Withdrawal Refunds

Upon ceasing to hold office for a reason other than death, participants not eligible to receive pension payments are entitled to receive a refund of their contributions to the Fund plus interest.

(h) Interest Revenue

Interest is credited to the Fund based on a calculation specified by Order-in-Council as follows:

- to the beginning balance based on the weighted averaged interest rates applicable to 25-year securities issued or guaranteed by the Province since the inception of the fund (7.55% on the April 1, 2007 balance);
- on the monthly excess of contributions over payments during the year at the estimated 25 year rate for the year, with adjustments to actual made the following year.

(i) Fund Status

The Fund is not subject to the reporting requirements under the *Pension Benefits Act* and Regulations.

(j) Escalation of Entitlements

Entitlements are adjusted annually based on changes in the Canadian Aggregate Industrial Wage as published by Statistics Canada, subject to a maximum of 7% in any one year.

(k) Pending Changes to the Fund

The Income Tax Act (Canada) (ITA) limits the pension benefit payable from the Fund for post 1991 service. Cabinet has approved that benefits above the ITA limit will be provided through a separate supplementary account in the Consolidated Revenue Fund.

DESCRIPTION OF THE FUND (CONTINUED)

The terms of the Fund are being revised to comply with the requirements under the ITA, and an Order-in-Council will be required to establish the supplementary account. The Canada Revenue Agency is aware of the status of the supplementary account. Once the account is established, there will be a reconciliation between the account and the Fund, both of which are to be held within the Consolidated Revenue Fund of the Province of Ontario.

2. SIGNIFICANT ACCOUNTING POLICY

The financial statement has been prepared on a basis of accounting consistent with section 34 of Ontario Regulation 67/92 under the Courts of Justice Act which states that the Fund shall consist of contributions and money paid, transferred or credited to the Fund, less money paid out.

3. ADMINISTRATIVE EXPENSES

Administrative expenses are paid by the Province of Ontario.

4. LIABILITY FOR FUTURE BENEFITS

The Provincial Judges Remuneration Commission was established under Ontario Regulation 407/93 under the *Courts of Justice Act*, to conduct an independent process to determine the salary, benefits and pensions for all provincial judges. The Commission's salary and benefits recommendations are binding; pensions recommendations are non-binding. The Plan provides that pensioners receive increases in their pensions based on the same percentage increase in active judges' salaries. The combined report of the Sixth and Seventh Triennial Provincial Judges Remuneration Commission regarding the salaries, benefits and pensions of judges for the six-year period from April 1, 2004 to March 31, 2010 was tabled on April 25, 2008. The Commission endorsed the recommendations of a joint submission from both the Province and the Ontario Conference of Judges.

Over and above the Industrial Aggregate Index increases in judges' salaries for the three-year period from April 1, 2004 to March 31, 2007, the Commission recommended an increase in the salaries that amounted to approximately 3%; and changes to the Plan provisions effective June 1, 2007. Under the new Plan provisions, all judges appointed on or after June 1, 2007 will have their pensions determined under the new Plan provisions, and all judges not retired as at June 1, 2007 can file an election by October 27, 2008, to have their pensions determined in accordance with the new Plan provisions retroactive to June 1, 2007. The amount

DESCRIPTION OF THE FUND (CONTINUED)

of the base pension under the new provisions is approximately 24% higher than under the old provisions, but under the new provisions the annual increase is limited to the Consumer Price Index instead of the same percentage increase in active judges' salaries.

The Lieutenant Governor in Council approved Ontario Regulation 508/07, filed August 27, 2007, which implemented the new plan provisions, and automatically came into force on April 25, 2008, the date the Commission report was tabled and the pensions recommendations of the joint submission became effective.

The Province is responsible for the unfunded liabilities of the Provincial Judges Pension Plan and funds these liabilities in amounts recommended by periodic actuarial valuations of the Plan.

The most recent actuarial valuation of the Plan for funding purposes was completed on data as at March 31, 2006, prior to the report of the Commission and any Plan revisions, and determined that the expected present value of future government contributions was \$236,207,000, and recommended that the Province contribute 36.6% of the payroll of sitting judges until the next valuation. The valuation estimated the Province's contribution for the fiscal year ended March 31, 2008 to be \$23,558,000.

The Province will complete another actuarial valuation of the Plan on data as at March 31, 2008, after October 27, 2008 when the period for judges to file an election expires, which will consider the impact of Regulation 508/07. Once the valuation is completed, the Province will make a catch-up adjustment to its contribution for prior years.

Chair's Comments

The Board expresses its appreciation for the assistance rendered to the Board by the management and staff of the HR Management and Corporate Policy Division, and the Ontario Pension Board and staff.

The Board has received and reviewed the Audit Findings Report for the Year ended March 31, 2008 which was prepared and issued by the Office of the Auditor General. The Board undertakes to ensure that any administrative deficiency that requires remedy under that report, is brought to the attention of those persons or areas responsible for correcting the deficiency.

